

SENATE BILL REPORT

SB 5138

As Reported by Senate Committee On:
Local Government, January 26, 2017

Title: An act relating to metropolitan park districts.

Brief Description: Concerning metropolitan park districts.

Sponsors: Senators Palumbo, Kuderer, Fain, Billig and Rossi.

Brief History:

Committee Activity: Local Government: 1/19/17, 1/26/17 [DPS].

Brief Summary of Substitute Bill

- Provides conditions under which a city, county, or contiguous group of cities or counties proposing or approving the formation of a metropolitan park district may limit the district's purpose and taxing powers.
- Generalizes the allowable purposes under which a metropolitan park district may contract indebtedness and extends the maximum term for general bond obligations.
- Changes board membership requirements when the governing body of a city acts in an ex officio capacity as the board of metropolitan park commissioners.
- Allows a county treasurer serving as a district's treasurer to provide a bridge loan or line of credit to a newly formed district.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5138 be substituted therefor, and the substitute bill do pass.

Signed by Senators Angel, Vice Chair; Takko, Ranking Minority Member; Palumbo and Sheldon.

Staff: Bonnie Kim (786-7316)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: Regular Property Taxes. Real and personal property is subject to regular property taxes each year. "Regular property tax" means a property tax levied by or for a taxing district subject to certain constitutional and statutory limitations. Junior taxing districts, such as cemetery districts, rural library districts, and park and recreation districts, may also impose a regular property tax. Property taxes for all property listed, assessed, and placed on county tax rolls are collected by the county treasurer.

Special Purpose Districts. Special purpose districts are limited purpose local governments separate from a city, town, or county government, created to provide a limited number of public facilities or services. Statute provides for the creation of numerous different types of districts including: cemetery, diking, drainage improvement, fire protection, flood control zone, metropolitan park, mosquito, park and recreation, port, public utility, solid waste collection, water-sewer, county park and recreation service areas, and transportation benefit areas.

Metropolitan Park Districts. Metropolitan park districts may be created by majority vote on a ballot proposition for the management, control, improvement, maintenance, and acquisition of parks, parkways, boulevards, and recreational facilities.

Generally, metropolitan park districts are governed by five elected park commissioners who serve six-year terms. In a district wholly located within a city or within the unincorporated area of a county, however, the governing body of the city or legislative authority of the county may be designated to serve in an ex officio capacity as the board of metropolitan park commissioners. If the proposed district is located within more than one city, more than one county, or any combination of cities and counties, each city governing body and county legislative authority may be designated to collectively serve ex officio as the board of metropolitan park commissioners through selection of one or more members from each entity to serve as the board.

The board of park commissioners may levy a general tax on all the property located in a park district each year not to exceed 50 cents per \$1000 of assessed value of the property. In addition, the board of park commissioners may levy a general tax on all property located in a park district each year not to exceed 25 cents per \$1000 of assessed valuation. The two levies are considered a single levy for purposes of the limitation provided for in chapter 84.55 RCW (Limitations Upon Regular Property Taxes).

Summary of Bill (First Substitute): Allowable Limits on Certain City Metropolitan Park Districts. A city, county, or contiguous group of cities or counties proposing or approving a petition regarding formation of a metropolitan park district may limit the purpose and taxing powers of the proposed district in its resolution.

Specifically, a city, county, or contiguous group of cities or counties may limit the proposed district's purposes to provide the funds necessary to acquire, construct, renovate, expand, operate, maintain, and provide programming for identified public parks or recreational facilities that are otherwise authorized by law for metropolitan park districts. The ballot proposition must identify those public parks or recreational facilities to be funded.

A city, county, or contiguous group of cities or counties may also limit the maximum levy rate to those provided in statute. The ballot proposition must state the maximum regular levy rate. After district formation, changes to the maximum regular levy rate may be made only by a majority vote at a general or special election on a proposition to alter the levy rate. If approved, statutory limitations on regular property taxes would not apply in the first year after the proposition's approval.

Indebtedness Limit. The purpose for which metropolitan park districts may contract indebtedness and issue short-term obligations and general obligation bonds is broadened to include any other purposes authorized for the district. In addition, the maximum allowable term for general obligation bonds is extended from 20 years to the general maximum term set in statute, presently, 40 years.

Board Membership. If the governing body of a city is designated to serve in an ex officio capacity as the board of metropolitan park commissioners and the district's boundaries are coterminous with the city's boundaries, the number of members of the board must be equal to the number of positions on the city governing body.

Property Transfers. The purpose for which a city may transfer land to a metropolitan park district is broadened to include any other purposes authorized for the district.

Treasurers. A county treasurer serving as a district's treasurer may provide a bridge loan or line of credit to a newly formed district until the district has sufficient levy proceeds to pay for its maintenance and operations. A city may act as a district's treasurer if the district's boundaries are coterminous with the boundaries of the city.

EFFECT OF CHANGES MADE BY LOCAL GOVERNMENT COMMITTEE (First Substitute):

- Adds counties or a contiguous group of cities or counties where only cities were mentioned in the original bill.
- Removes the requirements that the governing body of a city act as the board of park commissioners and that the proposed district's boundaries are coterminous with the city in order to limit a proposed district's purpose or taxing authority.
- Removes language providing that multiple districts with different limited purposes may be proposed, each with boundaries coterminous with a city or county.
- Limits the requirement that all districts with a city or county governing body serving as its board have the same number of members on the board and governing body to applying to cities only and when the boundaries of the district are coterminous with the city.
- Allows a county treasurer serving as a district's treasurer to provide a bridge loan or line of credit to a newly formed district until the district has sufficient levy proceeds to pay for its maintenance and operations.
- Allows a city to act as a district's treasurer if the district boundaries are coterminous with the city.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: This bill gives cities and metropolitan park districts the ability to tax people less. All the references in the bill were to cities and it is unclear whether the same provisions would apply to counties. Counties would appreciate these options as well. We need designated funding sources for parks and recreation for public safety. Kirkland supports this bill. We are exploring options to provide an indoor pool to our community. Changing the maximum bond levy term to 40 years is an exceptional idea. However, there is a retroactive unintended consequence that may result in the closure of some districts. This bill would be stronger if you included cities and counties. When you have multiple cities or counties combining in a district, you could end up with a 21-member board. Even finding quorum would be difficult. If you make these changes I think you will find much support for this bill.

OTHER: The proposed legislation would remove flexibility for park districts to set levy rates within the allowable range. This bill appears to create a levy limitation.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Kathleen Kler, Chair, Board of County Commissioners, Jefferson; Jay Arnold, Councilmember, City of Kirkland; Steven Burke, Executive Director, Port Angeles Metro Park District.

OTHER: Senator Karen Keiser, WA State Senate.

Persons Signed In To Testify But Not Testifying: No one.